CADENCE MINERALS PLC

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2018

Company No 05234262

CADENCE MINERALS PLC

COMPANY INFORMATION

For the year ended 31 December 2018

Company registration number:	05234262
Registered office:	Suite 3B Princes House 38 Jermyn Street London SW1Y 6DN
Directors:	Andrew Suckling (Non-Executive Chairman) Kiran Morzaria (Chief Executive Officer) Don Strang (Executive Finance Director) Adrian Fairbourn (Non-executive Director)
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Auditors:	Chapman Davis LLP Registered Auditor Chartered Accountants 2 Chapel Court London SE1 1HH

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Forward-looking Statement

This annual report contains 'forward-looking information', which may include, but is not limited to, statements with respect to the future financial and operating performance of Cadence Minerals, its subsidiaries, investment assets and affiliated companies, the estimation of mineral resources, the realisation of mineral resource estimates, costs of production, capital and exploration expenditures, costs and timing of the development of new deposits, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, environmental risks, title disputes or claims.

Often, but not always, forward-looking statements can be identified by the use of words such as 'plans', 'expects', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'believes', or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Cadence and/or its subsidiaries, investment assets and/or its affiliated companies to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of UK Pounds Sterling relative to the United States Dollar, and other foreign currencies; changes in project parameters as plans continue to be refined; future prices of products; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, adverse weather conditions, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

Although Cadence has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may well be other factors that cause actions, events or results to differ from those currently anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this annual report and Cadence disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this annual report should be construed as a profit forecast.

CHAIRMAN'S STATEMENT

For the year ended 31 December 2018

The year for Cadence can be characterized by consolidation and cost cutting. The board has continued to support our investee companies whilst also identify new opportunities. This approach has been both a course of prudence and patiently waiting for the right opportunity. Cadence has continued to review and evaluate a number of projects globally whilst continuing to focus on our existing investments.

There has been increasing downward pressure on the Lithium price and therefore the global sector, mostly due to expectations that supply is increasing. We are waiting to see this actually play out, and Cadence still subscribes to the belief in an increase globally in electric vehicle demand and electric storage. This will underpin the demand for lithium, cobalt, nickel and rare earth elements.

The recent announcement of Cadence involvement in The Amapa Iron Ore project (“Amapa”) fits precisely with the company’s strategy of searching for stakes in assets that are currently unlisted but can provide excellent returns. We plan to divert and re deploy some of the profits from earlier stakes into bigger stakes just like this one. Cadence believes the Amapa Iron Ore opportunity to be transformational at a critical time in the Iron Ore market.

The introduction of the American Mineral Act in May 2019 by US Senator Murkowski highlights the increasing focus on the sectors Cadence specializes in. Our principal investments in Yangibana North project , Clancy and San Luis Argentina fit this vision of strategic metals perfectly.

We have continued to witness consolidation in the Industry and Cadence congratulates Bacanora Lithium Plc (“Bacanora”) on the recent interest and involvement of Gangfeng. This will support and hopefully accelerate the route to operation and eventual production. Whilst our equity stake is lower our JV interest just became increasingly valuable.

The Board of Cadence have increasing confidence in the potential for Macarthur Minerals (“MMS”) and European Metal Holdings (“EMH”) to accelerate in the coming months and provide significant returns. The news of an off take arrangement with Glencore for MMS was a significant milestone to production. EMH continue on a careful and considered path to operation and success.

Cadence fully believes are prospects are growing and we have weathered a very difficult period and are embarking on an exciting phase with the investment into the Iron Ore market. Whilst witnessing real progress at our investee companies.

We continue to view the opportunities Cadence is focused upon with confidence and excitement. We will support projects to production and continue to evaluate new projects. However there will be a real focus on the huge potential we see in Amapa Iron Ore.

The directors would like to thank our shareholders, staff and consultants for their continued support.

Andrew Suckling
Non Executive Chairman
29 May 2019

CHIEF EXECUTIVE OFFICER'S REVIEW

Cadence's portfolio of investments is well spread along the development curve from early exploration to pre-construction and, by our assessment, these investments have the right cost structure and scale to potentially be significant contributors to their respective supply chains and represent a substantial return on investment.

One of the investments identified in the middle of 2018 and consummated in May 2019 was a non-binding heads of terms to invest in and acquire up to a 27% (for US$6 million) interest in the former Anglo American plc and Cliffs Natural Resources Amapá iron ore mine, beneficiation plant, railway and private port.

Prior to its sale in 2012 Anglo American valued its 70% stake in the Amapá Project at US$866 million (100% 1.2 billion) and after impairment at US$462m in its 2012 Annual Report (100% US$600m) and during its operation the mine generated an annual operating profit of up to U$171 million (100%).

It is rare in our industry to have the opportunity to be able to invest in such a project and we believe this project provides us with a potentially transformative asset for our Company. The Amapá Project gives Cadence the potential for an exceptional return on investment (ROI) in the run-up to full production and an opportunity to become a significant shareholder in a mid-tier iron ore producer.

Of our other investments of note, was the progress that European Metals Holdings have made during the year. It has improved roast recoveries in their lab test work, received approvals to carry out both geotechnical drilling and definitive feasibility study drilling. Also, European Metals Holdings commenced a revised pre-feasibility study to produce lithium hydroxide. Given the pricing and demand for this compound, we would hope to see an improvement in the economics of the projects.

During the year Macarthur Minerals Limited focused its efforts on the early exploration of its gold, nickel and lithium projects in Western Australia. However, at the end of the year and after the year-end Macarthur Minerals Limited focused on its substantial Iron Ore Projects in the Yilgarn Region of Australia securing Glencore International as an offtake and funding partner of the project.

At projects level Bacanora Lithium Plc continued to make progress during the year. However, as a result of market volatility in the lithium markets, Bacanora decided not to proceed with the equity portion of its project financing. It is continuing the front-end engineering design of the project and has drawn down US$25 million of its US$150 million debt facility. After the year-end Bacanora announced that it had entered non-binding heads of terms with Ganfeng Lithium Co., Ltd, the world third largest lithium compounds producer. The heads terms included the subscription for a 29.99% interest in Bacanora, in addition to an initial 22.5% direct interest in the Sonora Lithium Project with an option to increase up to 50% of the Project. In also included an additional long-term offtake for the project.

Strategy

Cadences' strategy has evolved significantly since 2014. Its focus during this year is to invest in earlier stage exploration projects or assets that are in distressed situations. This is typically where the largest return is obtained for relatively low levels of investment capital. The risk associated with investing in any resource projects at these stages is high, therefore, and to mitigate this risk, our goal from the outset is to obtain a deep fundamental understanding of the asset, its potential economics, operating and legal environment and its management team.

By doing so, we can eliminate many of the potential investments that we review during the year and fund projects that we believe will deliver value to our shareholders. We look to fund projects via earning in, at solely our option, and if possible, look to incentivise our joint venture partners via equity in Cadence against deliverables that will add value. Importantly we also take an active approach to our investments by being part of the management team and enshrining our minority shareholder protections in joint venture agreements.

During the 12 months, we reviewed numerous projects and completed two after the year-end. The first was adding several prospective lithium assets (exploration licenses) via our investment in Lithium Supplies and Lithium Technologies and the second was our heads of terms to acquire 27% of the Amapá iron ore mine, beneficiation plant, railway and private port.

Outlook

The future remains very exciting for the Company. Our key investments, European Metals Holdings, Macarthur Minerals, the Amapa project and Bacanora have all started the current financial year well and appear to be progressing towards production. We will continue to review our investments in our investee companies, with regular meetings with management. Importantly we will continue to examine the market perception of lithium and if required, ensure we limit our exposure to further downside in our equity positions.

LITHIUM MARKET REVIEW

In the early part of 2018, we saw several negative forecasts for pricing, based erroneously on the "wave" of supply from current expansion and several other assets forecast to come online; these analysts still fail to understand the industry. In making this forecast, they have applied some of the most optimistic factors to construction and commissioning and applied a linear approach to growth curves, which for a disruptive technology such as EV's, is inappropriate.

Our forecast suggests that there could be up to 800kt lithium compound demand by 2025. The big caveat to this is that supply comes online in time and projects gets financed. It is the latter point that Cadence sees as the largest constraint to EV adoption. In essence, there is a pipeline of projects which would allow the penetration of EV's of 25%. However the vast majority of these do not have financing in place, by our estimates there is some US$15 billion to be invested to hit production targets and in addition given the timelines to production it seems unlikely that there will be enough supply to deliver 800kt of lithium per annum by 2025, which will mean continued supply constraints.

We continue to see plenty of evidence demand growth; Benchmark Mineral Intelligence is now tracking 49 battery mega-factories, up from just 2 back in 2014. The combined planned capacity of these plants is 658 GWh. To put that into perspective the total lithium-ion cell demand in 2017 was estimated at 100 GWh.

By most of the measures in supply and demand dynamics, whether it be constrained supply chains, strong product pricing or build out capacity for the product, the long-term outlook for lithium and lithium compounds remains strong.

When we look at pricing over the period, several detractors will point to the drop in the price of Lithium compounds in China. The reality is that Chinese pricing was influenced in part by brine projects in China needing to sell below battery grade lithium carbonate to fund operations. To us, the most representative pricing of battery grade lithium carbonate is from South America where pricing continued to increase over the year and currently trades between US$13,000 and US$15,000 per tonne of battery grade lithium carbonate.

INVESTMENT REVIEW

The lithium sector 2018 was marked by some analysts forecasting a wave of supply of lithium compounds and a long term softening in the lithium price. These forecasts, which we fundamentally disagree with, has meant the market performance of many lithium stocks has been poor.

The lithium market has softened considerably during the year with the Global X lithium ETF dropping by 30% over the twelve months to December 2018, with some lithium developers and producers dropping up to 71% over the same period.

Our investments were not immune to this softening, and our principle two investments in Bacanora Lithium and European Lithium reduced in price by 77% and 56% respectively. This, in turn, was reflected in our share price performance, which reduced by 62% over the period.

Table 1: Absolute Return Figures

•	• 31/12/2017	• 30/06/2018	• 31/12/2018
• Original Purchase (Book Value) (GB£ ,000)	• 11,345	• 11,104	• 9,648
• Mark to Market Equity Value (GB£ ,000)	• 24,869	• 14,005	• 7,131
• Absolute Return on Equity (%)	• 119%	• 26%	• -26%
• Global X Lithium & Battery Tech Returns (%)	• 51%	• 27%	• 7.1%

European Metals Holdings Limited ("European Metals")

Cadence has been investing in European Metals since June 2015. As of the date of this document, Cadence holds approximately 19% in the Cinovec deposit in the Czech Republic through a direct holding in the share capital of European Metals that owns 100 per cent of the exploration rights to the Cinovec lithium/tin deposit. The Cinovec lithium and tin deposit is located in the Krusne Hory mountain range. The deposit that straddles the border between Germany and the Czech Republic and in Germany, it is known as the Zinnwald deposit (50% owned by Bacanora Lithium Plc). The district has an extensive mining history, with various metals having been extracted since the 14th Century.

Summary of Activities

At an operational level, there were substantial progress made in the development of the Cinovec Lithium Project. Of particular note was the improvement in lithium recoveries announced in March, which was increased to 95%. In addition, European Metals continued to work on the pilot scale beneficiation work, this work along with the improved lithium recoveries meant European Metals was able to report increased lithium production from 20,800 tpa to 22,500 tonnes per annum. This is likely to improve cash margins on the project by approximately 10%.

European Metals also reported that the optimised reagent mix developed during the test work as compared to that reported in the PFS resulted in the elimination of all high-cost inputs to the roast predicted previously. The use of low-cost waste gypsum from local power plants as a roasting reagent not only enhances the economics of the project but is a significant positive environmental outcome for the region.

Moreover, European Metals has commenced work on an update of the Preliminary Feasibility Study ("PFS") to model the production of higher value lithium hydroxide due to its increasing use in lithium-ion batteries. The updated PFS included a process flowsheet whereby battery grade lithium hydroxide may be precipitated directly from the roast and water leach steps.

- Further advancements made in the development of the Cinovec Project and reported at that time include:
  - A total of 13 drill holes for a total drilled length of 3,386 metres had been permitted.
  - The first four geotechnical drill holes at the proposed site of the mine portal had been completed.
  - Testing of the revised lithium hydroxide product flowsheet had commenced on schedule.
- In November 2018, European Metals provided a project update highlighting further significant advancements to the Cinovec Project, including the following highlights:
  - The planned diamond drilling resource campaign has commenced.
  - A total of eight resource drill holes will be completed during this campaign with the first hole already completed.
  - Geophysical logging of the first four geotechnical drill holes at the proposed mine portal site has been completed.
  - A further five geotechnical drill holes are planned once resource drilling has been completed

Macarthur Minerals Limited ("Macarthur")

In March 2016 Cadence made a strategic investment in Macarthur (TSX-V: MMS) which was followed up by further investments in October 2016 and May 2017. As of the date of this document, Cadence holds approximately 9.8% of Macarthur.

Summary of Activities

- Macarthur made progress across several of its projects during the year; however, after the year-end, it became clear that Macarthur's focus would be its iron ore assets in Australia. Hence is announced an option agreement over its lithium and gold tenement in the Pilbara Region of Western Australia allowing Fe Limited to earn in up to 75% of these projects over three years, for consideration and earn in value of A$4.6 million.

- *Western Australian Iron Ore Projects*

Although during the reporting period much of the focus was on the rest of Macarthur Minerals' portfolio, it became clear that after the year-end Macarthur was focusing on the development of its iron ore projects.

In March 2019 they announced a US$ 6 million private placing to complete the Moonshine Magnetite and Ularring Haematite Iron Ore Bankable Feasibility Study ("BFS") in Western Australia.

Macarthur owns 100% of the Moonshine Magnetite Project, with an Inferred and Indicated Mineral Resource Estimate consisting of 1,316 million tonnes (Mt) @ 30.1% Iron (Fe). Initial metallurgical test work from core at Moonshine indicated that a very high-grade iron ore product ranging from 68.5%-69.1% Fe, can be achieved as an export quality target.

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global Pty Ltd (NI43-101 Technical Report filed December 17, 2009, titled "NI43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia") and was updated by Snowden Mining Industry Consultants (NI43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Assessment").

After the year end Macarthur has rapidly progressed the development of these iron ore assets, including the entering a ten year Iron Ore Off-Take Agreement for the Lake Giles project with Glencore Internation A.G. Glencore also agreed to participate in the US$6 million private placing, via a convertible loan note of US$2 million.

Bacanora Lithium Plc ("Bacanora")

Cadence, as of the date of this document holds an interest in Bacanora through a direct equity holding of approximately 1.7%, and a 30% stake in the joint venture interests in each of Mexalit S.A. de CV ("Mexalit") and Megalit S.A. de CV ("Megalit"). Mexalit forms part of the Sonora Lithium Project. Bacanora is a London-listed lithium asset developer and explorer (AIM: BCN).

Bacanora's has two key projects under development. The first is the Sonora Lithium Project in Northern Mexico and the second is the Zinnwald Lithium Project in southern Saxony, Germany.

Sonora Lithium Project

The Sonora Lithium Project consists of ten contiguous concessions covering 97,389 hectares. Two of the concessions (La Ventana, La Ventana 1) are owned 100% by Bacanora through its wholly-owned subsidiary Minera Sonora Borax S.A de C.V. ("MSB"). El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions are owned by, Mexilit S.A. de C.V. ("Mexilit") (which is owned 70% by Bacanora and 30% by Cadence). These concessions are located approximately 190 kilometres northeast of the city of Hermosillo, in Sonora State, Mexico. They are roughly 170 kilometres south of the border with Arizona, USA. The San Gabriel and Buenavista concessions are owned by Minera Megalit S.A. de C.V. ("Megalit") (which is owned 70% by Bacanora and 30% by Cadence). The asset has Measured plus Indicated Mineral Resource estimate of over 5 million tonnes ('Mt') (comprising 1.9 Mt of Measured Resources and 3.1Mt of Indicated Resources) of lithium carbonate equivalent ('LCE') and an additional Inferred Mineral Resource of 3.7 Mt of LCE, Sonora is regarded as one of the world's larger known clay lithium deposits.

Key Operational Highlights on the Sonora Project are as follows:

- Published its Feasibility Study ("FS") on the project. The FS targeted a two-stage open-pit operation, reaching 35,000 tonnes (t) of lithium carbonate (Li2CO3) per annum ("tpa") in year four.
  - The FS has a pre-tax NPV of US$1.25 billion and an IRR of 26%. The capital and working capital costs of the first stage of production (17,500 t of Li2CO3 per annum) is estimated to be US$460 million.
  - Under our estimation, The FS mine plan currently has some 12% of the plant feed being mined from the 30% joint venture areas owned by Mexalit.

- US$240 million secured as part of the Sonora Lithium Project financing package to construct an initial 17,500tpa lithium carbonate operation
  - US$150 million senior debt facility with RK Mine Finance, a leading provider of finance for resources companies,
  - US$65 million conditional equity commitment from the State General Reserve Fund of Oman ("SGRF"),
  - US$25 million conditional equity commitment from Bacanora's offtake partner, Hanwa Co., LTD ("Hanwa").

- In July Bacanora elected not to proceed with a further US$100 equity placing, citing current volatility in global commodities markets.

Subsequent to the year-end Bacanora secured a proposed strategic investment by Ganfeng Lithium Co., Ltd, the world third largest lithium compounds producer, highlights of the proposed investment include:

- Proposed cornerstone strategic investment at both the corporate and Sonora Lithium Project level,
- Includes subscription for a 29.99% interest in Bacanora, in addition to an initial 22.5% direct interest in the Sonora Lithium Project with an option to increase up to 50% of the Project,
- Additional long-term offtake for both Stage 1 and Stage 2 lithium production,
- Gangfeng Lithium would assist Bacanora in the finalisation of the EPC engineering design and the subsequent construction and commissioning of Sonora Lithium Project,
- The strategy would be in place to ensure project timetable of the first production in 2021.

Zinnwald Lithium Project

On 21 February 2017 Bacanora announced the acquisition of a 50% interest in, and joint operational control of, the Zinnwald Lithium Project ("Zinnwald") in southern Saxony, Germany from SolarWorld AG ("SolarWorld").

Bacanora holds 50% interest in a jointly controlled entity, Deutsche Lithium GmbH, which operates the Zinnwald Project located in southern Saxony, Germany, adjacent to the border of the Czech Republic and within 5 kilometres of the towns of Altenberg and Freiberg. The Company acquired its interest in February 2017 for a cash consideration of €5 million and an undertaking to contribute up to €5 million toward the costs of completion of a feasibility study, which is anticipated to be completed during the second quarter of 2019.

Bacanora has an option to acquire the remaining 50% of the jointly controlled entity, alone or together with any reasonably acceptable third party within 24 months for €30 million. If Bacanora does not exercise this right within the above-stated timeframe, then SolarWorld has the right but not the obligation to purchase the Company's 50% interest for €1.

Key Operational Highlights on the Zinnwald Project are as follows:

- Ongoing work towards a Feasibility Study ('FS') into a battery grade lithium product operation at Zinnwald on track for completion in Q2 2019,
    - NI 43-101 compliant upgraded measured and indicated resource of 124,974 tonnes of contained lithium for Zinnwald issued in.
- September 2018. This is a 30% increase from the previous measured and indicated PERC resource estimate of 96,200 tonnes,
    - First production of lithium fluoride ('LiF') samples with over 99% purity from concentrates at Zinnwald - provides proof of concep,t
- That battery grade lithium products can be produced.

Details of Cadence's ownership

Cadence owns approximately 1.7% of Bacanora. The Sonora Lithium Project is comprised of the following lithium properties.

- La Ventana, La Ventana 1, and Megalit concessions, which are 100 per cent owned by Minera Sonora Borax S.A. de C.V.("MSB"), a wholly-owned subsidiary of Bacanora; Cadence, through its approximate direct interest of 1.7% of Bacanora, has an indirect interest in these concessions of 1.7%.

- El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions, which are held by Mexilit S.A. de C.V. ("Mexilit"). Cadence has a 30% direct interest in Mexalit through its Joint Venture with Bacanora, and when combined with Cadence's direct interest of approximately 1.7% in Bacanora, has a total economic interest in Mexalit of 30%.

Cadence also owns a 30% direct interest in The Megalit, Buenavista, and San Gabriel concessions, which are held by Megalit S.A de C.V ("Megalit") which when combined with Cadences' direct interest of approximately 1.7% in Bacanora, has a total economic interest in Megalit of 30%.These areas are not part of the mining plans of the Sonora Lithium Project and have not been assessed in sufficient detail to provide a 43-101 compliant Mineral Resource Estimate.

Lithium Technologies Pty Ltd & Lithium Supplies Pty Ltd ("LT" & "LS)

In December 2017 Cadence announced that it had executed binding investment agreements to acquire up to 100% of six prospective hard rock lithium assets in Argentina via LT & LS.

These projects are collectively known as the San Luis Project and Consist of claims over 55,773 hectares for six exploration permits within the known spodumene bearing pegmatite fields in San Luis Province, Central Argentina. The pegmatite fields of San Luis have an important record of producing mica, beryl, spodumene, tantalite (tantalum oxide), columbite (niobium oxide), and recently potassium feldspar, albite and quartz. Historic mines outside of the claims have produced lithium oxide ("Li2O") at grades ranging from 4.5% to 6.5%.

During the period under review the investee's geology team, utilising a range of remote sensing and geographical information system (GIS) tools, have completed several desktop studies which identify highly prospective areas for lithium mineralisation in known spodumene bearing pegmatite bodies. Encouragingly, there are multiple indicators that confirm the presence of spodumene bearing pegmatite bodies, including geological structural features, aero-magnetic radiometric data analysis, satellite imagery and differentiation in granitic bodies.

The net result is that out of the 55,773 hectares, comprising the six assets total area, the geology team have identified 10,049 hectares as high-priority areas for the next phase of the exploration programme.

Finalised Environmental Impact Assessments have been submitted to the mining regulator for these high priority areas, with applications for drilling permits to follow. At the end of the period, we were still awaiting approval of the necessary exploration permits to be granted.

Given the delay of the grant of these permits after the year-end Cadence and LT and LS agreed to vary it binding agreement to acquire three highly prospective assets in Australia that are in regions with proven high-grade lithium mineralisation.

The acquisition covered three projects - Picasso (Western Australia - WA), Litchfield (Northern Territories - NT) and Alcoota (NT) all of which are in regions with proven lithium mineralisation and supportive mining infrastructure.

The Picasso project (license granted) is near Alliance Mineral Assets' (ASX: A40; SGX: 40F; "AMA") high-profile Bald Hill Mine in WA (note: AMA recently completed a 50:50 A$400m+ merger with delisted Tawawa Resources [ASX: TAW] & raised $40M to develop the asset base). Demonstrating exploration upside for Picasso, the Bald Hill Mine is producing a spodumene concentrate and has a JORC (2012) compliant mineral resource of 26.5Mt @ 0.96% Li2O; probable ore reserves at 11.3Mt @ 1.01% Li2O

The Litchfield project (license granted), located near Darwin (NT), is contiguous to Core Lithium's (ASX: CXO) ground and has a JORC compliant mineral resource of 8.55Mt @ 1.33% Li2O for its Finnis project (for all six deposits)

Finally, the Alcoota project (license to be granted) is circa 145km NE of Alice Springs (NT) and has seen comparatively limited exploration, though significant geochemistry samples from 10km south of the project returned assays of 10.2% & 9.6% Li2O, with evidence suggesting there is a pegmatite zone within tenure prospective for lithium mineralisation

The variation resulted in LT & LS acquiring between them 100% of Synergy Prospecting Ltd ("Synergy"), which owns the three lithium projects in Australia. As two of Synergy's assets are granted, Cadence agreed to move forward with increasing is ownership in LT & LS form 4% to 31.5% via:

- Issuing 373,544,298 million Cadence shares to the founding shareholders of LT & LS valued at £400,000 (based on 14-day VWAP of £0.0107) to acquire a further 20% stake, which is in line with the terms of the original agreements; and
- Invest £300,000 to earn an incremental 7.5% stake, with the funds earmarked to commence developing Synergy's lithium assets in Australia.

The result of the variation would mean no change to the £ consideration to be paid for of LS and LT, however additional shares would be issued as a result of the change in the share price in Cadence between November 2017 and March 2019.

As of the date of this document, Cadence owns 24% of LT & LS and consequently of the Australian and Argentinian lithium prospects.

Yangibana Project, Australia

On 1 December 2011, Cadence announced that it had acquired a 30% free carried interest to Bankable Feasibility Study of the Yangibana North Rare Earth Deposit. The exploration costs until the commencement of the BFS are therefore borne solely by Hastings (70% owners and operator). The same terms agreed and announced on 1 December 2012 also apply to Gossan, Hook, Kanes Gossan, Lions Ear and Bald Hill North.

Probable Ore Reserves of some 2.1 million tonnes at 1.66% total rare earth elements are contained within 30% owned joint venture tenements. Further details of these reserves and pre-feasibility study can be found at http://irservices.netbuilder.com/ir/cadence/newsArticle.php?ST=REM&id=2688632.

Summary of Activities

Hastings Technology Metals Ltd ("Hastings"), which is the operator of the Project and the owner of the remaining 70% in the Yangibana North Project, made considerable progress during the year to date. This included:

- Probable Ore Reserves increased to 10.35 million tonnes at 1.22%TREO including 0.43%Nd_2O_3+Pr_6O_{11},
- Updated Ore Reserves confirm >10-year mine life ,
- Total JORC Resources increased to 21.67 million tonnes at 1.17%TREO including 0.39%Nd_2O_3+Pr_6O_{11} of which 62% are in the Measured and Indicated categories,
- Successful completion of the second beneficiation pilot plant operation test. Upgrading of the Nd_2O_3+Pr_6O_{11} head grade by 20 times from 0.43% to 8.6% was achieved,
- KfW IPEX-Bank provided indicative terms for senior debt of up to A$250 million for the project (conditional upon UFK Cover being obtained).

Auroch Minerals Ltd ("Auroch")

As of the date of this document, Cadence owns 6.5% in Auroch. Auroch Minerals' primary focus was drilling and exploration programmes at the Arden and Bonaventura Projects.

The Arden project consists of a Sedex type potential deposit. The Sedex potential was initially discovered by Kennecott (Rio Tinto Group) between 1966 and 1972, identifying anomalous Sedex-style zinc mineralisation up to 40m wide and with a potential for over 10km of the strike. However, since 1980 the area has been the focus of regional diamond exploration, and as such the Sedex horizon at the Ragless Range Target had not been explored.

In late July 2018, Auroch was granted environmental approval for its drilling programme at the Arden Project with work beginning on the first drill-hole in early August. First results were reported in November 2018, with base-metal mineralisation intersected in all 10 drill-holes.

At the Ragless Range Prospect, all eight drill-holes successfully intersected the SEDEX zinc horizon previously identified by Kennecott, confirming a strike length of more than 3km and a vertical depth of at least 220m. The drilling also intersected two new mineralised zinc horizons, increasing the potential scale of the SEDEX base-metal system at Arden. Importantly, all three horizons remain open in all directions.

In December, Auroch announced that it had completed drilling at its Bonaventura Project with the first drill-hole at the Dewrang Prospect intersecting significant zinc-lead mineralisation. The mineralised interval correlated very well with the previously identified geophysical IP anomaly which is up to 1.5km-long and had never previously been drill-tested and demonstrated excellent correlation between the mineralised interval in the drill-hole and the high chargeability anomaly bound by interpreted major reverse faults.

A single drill-hole was completed at the Grainger Prospect targeting the down-dip extensions of an historic artisanal working. The drilling intersected significant vein sets of zinc-lead mineralisation in fresh rock at shallow depths.

Greenland Rare Earth Projects

During the year Cadence retained it exposure to 1 license in Greenland, of which it owns 100%. This licenses abuts the northern and eastern boundaries of Greenland Minerals and Energy Limited's 'GGG' licences that encompass the world-class Kvanefjeld, Sørenson, Zone 3 and Steenstrupfjeld Rare Earth Element (REE) deposits.

An extensive exploration programme was carried out on all of Cadence's exploration licences in south Greenland from June to August 2014. We will continue to review the cost / benefit analysis of this license on an annual basis, and will monitor the progress that GGG makes over the coming year as it progresses the Kvanefjeld REE deposits.

Clancy Exploration Limited ("Clancy Exploration")

Through a compensation agreement in relation to preceding claims over the the historical Nockelberg and Leogang mines, Cadence were issued 140 million fully paid ordinary shares in Clancy as compensation for the discovery of third party priority over the 28 overlapping licenses (including the historical Nockelberg and Leogang mines). As of the date of this document Cadence holds approximately 3.9% of Clancy

FINANCIAL REVIEW

Total comprehensive loss for the year attributable to equity holders was £11.92m loss (2017: £1.88m profit). This decrease in profit from the previous year of approximately £13.79m is mainly due to realised and unrealised losses of approximately £9.41m relating to our share investment portfolio (available for resale assets) held during the period (2017: there was a gain of £4.47m).

Diluted loss per share was 0.145p (2017 : 0.013p profit per share).

The net assets of the Group at the end of period was £14.40 million (2017: £26.72 million). This decrease of approximately £12.32m was mainly driven by the reduction in value of available for resale assets during the period.

Kiran Morzaria
Chief Executive Officer
29 May 2019

The Directors present their annual report together with the audited consolidated financial statements of the Group and the Company for the Year Ended 31 December 2018.

Principal activity

The principal activity of the Group and the Company is that of the identification, investment and development of Lithium and rare earth assets. The Group is also exploring other mining related opportunities.

Domicile and principal place of business

Cadence Minerals plc is domiciled in the United Kingdom, which is also its principal place of business.

Business review

The results of the Group are shown on page 29. The directors do not recommend the payment of a dividend.

A review of the performance of the Group and its future prospects is included in the Chairman's Statement and the Strategic Report on pages 1 to 9.

Key Performance Indicators

Due to the current status of the Group, the Board has not identified any performance indicators as key.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group involve the ability to raise funding in order to finance the acquisition and exploitation of mining opportunities and the exposure to fluctuating commodity prices.

In addition, the amount and quality of minerals available and the related costs of extraction and production represent a significant risk to the group.

Financial risk management objectives and policies

The Group's principal financial instruments are available for sale assets, trade receivables, trade payables, loans and cash at bank. The main purpose of these financial instruments are to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern' and note 17 to the financial statements.

Interest rate risk
The Group only has borrowings at a fixed coupon rate of 12% and therefore minimal interest rate risk, as this is deemed its only material exposure thereto. The Group seeks the highest rate of interest receivable on its cash deposits whilst minimising risk.

Market risk
The Group is subject to market risk in relation to its investments in listed Companies held as available for sale assets.

Directors

The membership of the Board is set out below. All directors served throughout the period unless otherwise stated.

Andrew Suckling
Kiran Morzaria
Don Strang
Adrian Fairbourn

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company which had been notified as at 24 May 2019 were as follows:

	Ordinary shares held Number	Percentage of capital %
Hargreaves Lansdown (Nominees) Limited Des:15942	923,927,736	10.2
Barclays Direct Investing Nominees Limited Des: CLIENT1	865,520,074	9.5
Interactive Investor Services Nominees Limited Des:SMKTNOMS	653,623,934	7.2
Hargreaves Lansdown (Nominees) Limited Des:VRA	613,882,115	6.8
Interactive Investor Services Nominees Limited Des:SMKTISAS	602,050,509	6.6
HSDL Nominees Limited Des:MAXI	477,711,684	5.3
Hargreaves Lansdown (Nominees) Limited Des:HLNOM	434,549,780	4.8
HSDL Nominees Limited	365,460,084	4.0
HSBC Client Holdings Nominee (UK) Limited Des: 731504	289,552,893	3.2
Forest Nominees Limited	276,371,000	3.0

Payment to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Events after the Reporting Period

Events after the Reporting Period are outlined in Note 21 to the Financial Statements.

Going concern

The Directors have prepared cash flow forecasts for the period ending 31 May 2020 which take account of the current cost and operational structure of the Group.

The cost structure of the Group comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group to operate within its available funding.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Chapman Davis LLP, offer themselves for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Kiran Morzaria
Director
Date: 29 May 2019

Changes to corporate governance regime

The board of Cadence Minerals Plc are committed to the principles of good corporate governance and believe in the importance and value of robust corporate governance and in our accountability to our shareholders and stakeholders.

The AIM Rules for companies, updated in early 2018, required AIM companies to apply a recognised corporate governance code from 28 September 2018. Cadence has chosen to adhere to the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") and listed below are the 10 broad principles of the QCA Code and the Company's disclosure with respect to each point.

The Board is committed to maintaining high standards of corporate governance and complies with the provisions of the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies ("QCA code").

While building a strong governance framework we also try to ensure that we take a proportionate approach and that our processes remain fit for purpose as well as embedded within the culture of our organisation. We continue to evolve our approach and make ongoing improvements as part of building a successful and sustainable company.

The Board

The Board comprises of a non-executive Chairman, one non-executive director and two executive directors.

Board Members

Board Member	Board Title	Audit Committee Title	Remuneration Committee Title
Andrew Suckling	Non-Executive Chairman	Member	Member
Adrian Fairbourn	Non-Executive Director	Chairman	Chairman
Kiran Morzaria	Chief Executive Officer		
Donald Strang	Finance Director		

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the executive directors, who are charged with consulting the Board on all significant financial and operational matters. The Board retains ultimate accountability for governance and is responsible for monitoring the activities of the executive team.

The roles of Chairman and Chief Executive Officer are split in accordance with best practice. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information. No one individual has unfettered powers of decision.

The two Executive Directors are comprised of a Chief Executive Officer ("CEO") and Finance Director. The CEO has the overall responsibility for creating, planning, implementing, and integrating the strategic direction of the Company. This includes responsibility for all components and departments of a business. The CEO to ensures that the organisation's leadership maintains constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

The non-executive directors are not considered independent under the Financial Reporting Council's Corporate Governance Code (April 2016) ("FRC Code") as they both have options in the Company. However, the board considers that both non-executives are independent of management under all other measures and able to exercise independence of judgement.

The Committees

Audit Committee

The audit committee consists of two non-executive members of the board and meet at least twice a year.

The principal duties and responsibilities of the Audit Committee include:

- Overseeing the Group's financial reporting disclosure process; this includes the choice of appropriate accounting policies
- Monitor the Group's internal financial controls and assess their adequacy
- Review key estimates, judgements and assumptions applied by management in preparing published financial statements
- Assess annually the auditor's independence and objectivity
- Make recommendations in relation to the appointment, re-appointment and removal of the company's external auditor

Remuneration committee

The remuneration committee consists of two non-executive members of the board and meet at least once a year.

The principal duties and responsibilities of the Remuneration Committee include:

- Setting the remuneration policy for all Executive Directors
- Recommending and monitoring the level and structure of remuneration for senior management
- Approving the design of, and determining targets for, performance related pay schemes operated by the company and approve the total annual payments made under such schemes
- Reviewing the design of all share incentive plans for approval by the board and shareholders
- None of the Committee members have any personal financial interest (other than as shareholders and option holders), conflicts of interest arising from cross-directorships or day-to-day involvement in the running of the business. No director plays a part in any financial decision about his or her own remuneration.

Principle and Approach of the Board

Cadence is committed to achieve and maintain high standards of governance. As such, the Board has chosen to adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 ("the QCA Code"). Detailed below is how the Board applies the 10 principles of Corporate Governance, which form part of the QCA code.

Principle	**Application**	**Compliance**
Establish a strategy and business model which promote long-term value for shareholders	*The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term.* *It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.*	*Cadence is a unique early investment strategy & development firm, within the mineral resource sector. We identify undervalued assets, with irreplaceable strategic advantages. We invest in them and help turn them into powerhouses. Lithium and other technology minerals must get to market in order to achieve the global green revolution. We uncover new ways and places to extract and process these minerals, so that burgeoning demand is met; and our tomorrow is better.* *A more detailed description of its Strategy and Business Model is available on page 2 of the Annual Report and Accounts for the year ended 31 December 2017 HERE and on the About Page HERE on this website.* *Please refer to page 10 of the Annual Report and Accounts for the year ended 31 December 2017 HERE and the Corporate Governance section of the website HERE for further details on the principal risks and uncertainties which the Company faces.* *It seeks to share this vision and details of the implementation of its strategy through internal dialogue with employees as well as external communications by way of public announcements and dissemination of information through this website and the annual report and accounts*
Seek to understand and meet shareholder needs and expectations	*Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.* *The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.*	*The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders and is coordinated by the CEO.* *Throughout the year, the Board maintains a regular dialogue with investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, MAR and requirements of the relevant legislation. We also use these communications to obtain feedback from shareholders and to assess the effectiveness of our communications. Based on this feedback the Board has determined that this engagement has been, to date, successful.* *The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year which can be found HERE, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published under the "Investors" tab of the Group's website.*

Principle	**Application**	**Compliance**
Take into account wider stakeholder and social responsibilities and their implications for long-term success	*Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.* *Where matters that relate to the company's impact on society, the communities within which it operates, or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.*	*The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole.* *The Board also understands that it has a responsibility towards employees, partners, customers, suppliers and to the community and environment it operates in as a whole.* *Communication with and feedback from these various groups is achieved in a variety of ways. The executive directors hold investor roadshows once a year and quarterly webcast, at which feedback from shareholders is sought.* *Regular dialogue is maintained with employees through monthly updates and quarterly briefings given by the executive directors.* *The nature of the Cadence's business as an investment company means that although it has no direct effect on the working environments and communities of the companies it invests in, it nonetheless liaises with the management of its investee companies to understand their approach to stakeholder engagement and their policies, which will form part of its investment criteria.*
Embed effective risk management, considering both opportunities and threats, throughout the organisation	*The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.* *Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).*	*The Board has an established Audit Committee, a summary of it roles a responsibilities is available on the corporate governance webpage HERE which is set out above.* *The Committee is specifically charged with ensuring that Cadence as a whole has the appropriate policies and processes in place to identify the risks which the Company is exposed to and to proactively mitigate those risks as appropriate.* *The Company maintains a register of risks and publishes an overview of significant risks and uncertainties in its Annual Report.* *Please refer to page 10 of the Annual Report and Accounts for the year ended 31 December 2017 HERE for further details on the principal risks and uncertainties which the Company faces.* *The Company receives regular feedback from its external auditors on the state of its internal controls. The Board maintains a register of risks and publishes an annual summary of the significant risks and uncertainties in the Annual Report.*

Principle	Application	Compliance
Maintain the board as a well-functioning, balanced team led by the chair	*The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. The board (and any committees) should be provided with high-quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.* *The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.*	*The Board is comprised of a non-executive Chairman a non-executive director and two executive directors.* *The CEO is engaged to work a minimum of a 39 hour week and is an employee of the Company. The Finance Directors is employed part-time for a minimum of 28 hours a week. The board deemed that given the stage and development of the Company, it would be more cost efficient to employee a full-time accountant which along with the finance director ensure that Company's financial systems are robust. compliant and support current activities and future growth.* *The service agreements of the non-executive directors anticipate that the non-executive Chairman should spend 3 working days per month and the non-executive director 2 working days per month. All directors dedicate such time as required to effectively perform their roles.* *The roles of the Chairman and CEO are clearly separated. The directors ensure the skills required to undertake their roles are kept current through training and consultation with subject matter experts as required.* *The CEO is responsible for the operational management of the business of Cadence and for the implementation of strategy and policies as agreed by the Board. The non-executive Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.* *The non-executive directors are not considered independent under the FRC Code as they hold options in the Company. However, the board considers that the non-executive directors are independent of management under all other measures and are able to exercise independence of judgement. Whilst conflicts of interest are fully disclosed and understood, as appropriate non-executive directors exercise independence of judgement. No director is involved in discussions or decisions where he has a conflict of interest.* *The Board is supported by an Audit Committee and a Remuneration Committee.* *Cadence has committed that the Board should hold full board meetings at least 4 times each year. The attendance of Board members for meetings during the current financial year is as follows:* · *Andrew Suckling 3 of 3* · *Adrian Fairbourn 3 of 3* · *Kiran Morzaria 3 of 3* · *Donald Strang 3 of 3*

Principle	**Application**	**Compliance**
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	*The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.* *The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.*	*Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. The Board continually strives to ensure that it has the right balance of knowledge, skills, experience and contacts across the sectors in which it operates. This is evaluated in line with Cadence's business model as it changes.* *It is of primary importance that the Board's knowledge is kept to up to date in a rapidly changing mining and metals marketplace. This is achieved by maintaining a broad network of contacts across the industry and ensuring regular dialogue is held and feedback obtained by both the executive and non-executive directors as appropriate.* *As necessary directors receive externally provided refresher and update training specific to their individual roles.* *The Company Secretary advises the Board members on their legal and corporate responsibilities and matters of corporate governance.* *Biographical details of each of the Directors are given on the 'Who We Are' page of this website HERE. Going forward the Directors biographical details will be included in the Annual Report and Accounts.*
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	*The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time.* *The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.*	*On the 28 September 2018, Cadence adopted the QCA Code. Prior to this point given the nature and the development of the company it did not set Key Performance Indicators.* *The Company now measures its performance, and therefore inherently the performance of the Board as a unit, against Key Performance Indicators. The primary KPI is are absolute equity return on investments. Detail will be disclosed in the Annual Report Accounts for 2019, to be published by the end of June 2019.* *The performance of the executive directors is monitored and regularly reviewed by the non-executive directors. Such review considers both the KPIs outlined above and measures such as an annual staff satisfaction survey. In 2019, the Board will introduce qualitative performance measurements for the executive directors to ensure that the right degree of focus is applied to the strategic direction as well as the current financial performance of the business.* *The Board periodically considers the need to refresh its membership.*

Principle	Application	Compliance
Promote a corporate culture that is based on ethical values and behaviours	*The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.* *The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.* *The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.*	*Cadence has a strong ethical culture, which is promoted by the actions of the board and executive team.* *These include the following key policies which govern its ethical culture.* · *Equal opportunities policy* · *Dignity at work policy* · *Code of conduct* · *Whistleblowing policy* · *Health and safety policy* · *Email and internet policy* · *Social media policy* *The Group has an anti-bribery policy and has implemented adequate procedures described by the Bribery Act 2010. The Group reports on its compliance to the board on an annual basis.* *The Group has undertaken a review of its requirements under the General Data Protection Regulation, implementing appropriate policies, procedures and training to ensure it is compliant.*

Principle	**Application**	**Compliance**
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	*The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:* · *size and complexity; and* · *capacity, appetite and tolerance for risk.* *The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.*	*Details of the Company's corporate governance arrangements are provided within this Corporate Governance section of this website. The Board considers the appropriateness of these arrangements against the size and complexity of the Company as it evolves over time.* *The Chairman leads the Board and is responsible for ensuring its effectiveness in all aspects of its role. The Chairman promotes a culture of openness and debate, in particular by ensuring the non-executive directors provide constructive challenge to the executive directors.* *The matters reserved for the board are:* · *Definition of the strategic goals for the Company, sets corporate objectives to enable the goals to be met, and measures performance against those objectives;* · *Ensuring that the necessary financial and human resources are in place to both meet its obligations to all stakeholders and to provide a platform for profitable growth;* · *Recommending any interim and final dividends;* · *Approving all mergers and acquisitions and all capital expenditure greater than £100,000;* · *Receiving recommendations from the Audit Committee in relation to the reporting requirements and the appropriate accounting policies for the Company, the appointment of auditors and their remuneration, and the identification and management of risk;* · *Receives recommendations from the Appointments Committee concerning the appointment of executive directors, and from the Remuneration Committee concerning the remuneration of the executive directors;* · *Determines the fees paid to the non-executive directors.* *The CEO has the overall responsibility for creating, planning, implementing, and integrating the strategic direction of the Company. This includes responsibility for all components and departments of a business. The CEO to ensures that the organisation's leadership maintains constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.* *The Finance Director works alongside the CEO and has overall control and responsibility for all financial aspects of company strategy. The Finance Director takes overall responsibility of the Company's accounting function and ensures that Company's financial systems are robust, compliant and support current activities and future growth. The Finance Director will coordinate corporate finance and manage company policies regarding capital requirements, debt, taxation, equity and acquisitions as appropriate.*

Principle	**Application**	**Compliance**
		The Board is supported by two committees being the Audit Committee and Remuneration Committee. The Audit Committee advises the Board on the reporting requirements and the appropriate accounting policies for the Company, the appointment of auditors and their remuneration, and the identification and management of risk. The Remuneration Committee advises the Board on all matters pertaining to the remuneration of the executive directors;
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: · the communication of shareholders' views to the board; and · the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	*The Company encourages two-way communication with both its institutional and private investors and responds quickly to all significant queries received.* *The "Investors" tab of this website section of this website contains all required regulatory information together with other information which shareholders may find useful.* *The AGM is an important forum for shareholder engagement, and the directors are always available immediately after the AGM to listen to the views of any shareholders in attendance and to provide them with an update on the business.* *All votes at the most recent AGM held on 28 August 2018 were passed. The proxy votes were in excess of 85% in favour of all resolutions.* *Currently there is no Remuneration or Audit Committee report provided in the Annual report but the Board will consider the provision of this in the next Annual report together with other information which shareholders may find useful.*

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. While they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by Senior Management to forecasts. Project milestones and timelines are reviewed regularly.

Business Risk

The Board regularly evaluates and reviews any business risks when reviewing project timelines. The types of risks reviewed include:

- regulatory and compliance obligations
- occupational health, safety and environmental requirements
- legal risks relating to contracts, licences and agreements
- insurance risks
- political risks where appropriate.

Insurance

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Directors, Senior Management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the individual has received the appropriate prescribed clearance.

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders. The Group operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

Policy on executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives.

The remuneration of the Directors was as follows:

	A Fairbourn	A Suckling	K Morzaria	D Strang	Total
	£	£	£	£	£
Short-term employment benefits:					
Year to 31 December 2018					
Salary and fees	52,250	112,500	127,500	127,500	419,750
Share based payments (1)	850	1,962	1,962	1,962	6,736
Total	**53,100**	**114,462**	**129,462**	**129,462**	**426,486**
Year to 31 December 2017					
Salary and fees	85,000	150,000	150,000	150,000	535,000
Share based payments (1)	283	654	654	654	2,245
Total	85,283	150,654	150,654	150,654	537,245

(1) Share based payments represent a Black and Scholes valuation of the incentive options granted to the directors during 2017. Options are used to incentivise directors and are a non-cash form of remuneration.

At 31 December 2018 the following amounts were outstanding in fees to directors; £115,500 (2017: £138,000).

Pensions
The Company only operates a basic pension scheme for its directors and employees as required by UK legislation.

Benefits in kind
No benefits in kind were paid during the year to 31 December 2018 or the year ended 31 December 2017.

Bonuses
No amounts were payable for bonuses in respect of the Year ended 31 December 2018 or the year ended 31 December 2017.

Notice periods
Andrew Suckling, Kiran Morzaria, Don Strang and Adrian Fairbourn, each have a 12 month rolling notice period.

Share option incentives
At 31 December 2018 the following options were held by the Directors:

	Date of grant	Exercise price	Number of options	Note
K Morzaria	21 May 2014	0.48p	60,000,000	
K Morzaria	29 August 2017	0p	6,032,608	1
K Morzaria	29 August 2017	0p	7,994,506	2
K Morzaria	29 August 2017	0p	33,302,753	3
			107,329,867	
A Fairbourn	13 December 2012	0.06p	20,000,000	
A Fairbourn	21 May 2014	0.48p	40,000,000	
A Fairbourn	29 August 2017	0p	5,570,652	1
A Fairbourn	29 August 2017	0p	7,760,989	2
A Fairbourn	29 August 2017	0p	32,522,936	3
			105,854,577	
D Strang	21 May 2014	0.48p	60,000,000	
D Strang	29 August 2017	0p	6,032,608	1
D Strang	29 August 2017	0p	7,994,506	2
D Strang	29 August 2017	0p	33,302,753	3
			107,329,867	
A Suckling	29 August 2017	0p	11,250,000	1
A Suckling	29 August 2017	0p	15,576,923	2
A Suckling	29 August 2017	0p	65,229,358	3
			92,056,281	

Note 1 - Only vest if VWAP is greater or equal to 0.92p on vesting date
Note 2 - Only vest if VWAP is greater or equal to 1.82p on vesting date
Note 3 - Only vest if VWAP is greater or equal to 2.18p on vesting date

Additionally the Option Holder must have made market purchases of ordinary shares equal to a total of one third of the Option Holders's annual salary or particpated in a Company share purchase programme for a period of at least six months prior to the grant date. The options granted in August 2017, have now expired in March 2019, as a result of the failure to meet the VWAP price targets.

All options are exercisable between 18 months and ten years from the date of grant.

The high and low share price for the year were 0.37p and 0.118p respectively (year ended 31 December 2017: 0.60p and 0.249p). The share price at 31 December 2018 was 0.118p (31 December 2017: 0.315p).

OPINION

We have audited the financial statements of Cadence Minerals Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's losses for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

We have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF INVESTMENTS IN ASSOCIATES

The Group's Investment in Associate assets ('Associates') represents one of the most significant asset on its statement of financial position totalling £12.5m as at 31 December 2018, which includes listed and unlisted investments.

The carrying value of associates represents significant assets of the Group and Parent Company, and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of these asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Group and Parent Company's listed and unlisted assoicate investments.

We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Group and Parent Company's associate assets, the indicators being:

- Expiring, or imminently expiring, rights to licences or assets held by the investee Companies.
- A lack of flow of information in regards to the investee companies exploration activities and/or production, trading or strategic advancement.
- Discontinuation of, or a plan to discontinue, exploration activities in the areas, or cessation or delays in trading of interest by the Investee Companies.
- Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale by the Investee Companies.
- Updates on trading activities by Investee Companies.
- Review available share prices of the listed investments, both during the year and after the year end.

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment.

We also assessed the disclosures included in the financial statements.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £182,500, based on a 1% percentage consideration of the Group's total assets, with a lower materiaity set at £100,000 for Investments in Associate.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rowan Palmer
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London
Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

29 May 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**Year ended 31 December 2018 £'000**	Year ended 31 December 2017 £'000
Income			
Unrealised (loss)/profit on available for sale assets	*9*	**(7,440)**	1,353
Realised (loss)/profit on available for sale assets	*9*	**(1,967)**	3,118
Other income	*1*	**140**	145
		(9,267)	4,616
Share based payments		**(7)**	(2)
Impairment of intangibles	*6*	**-**	(300)
Other administrative expenses		**(1,559)**	(1,800)
Total administrative expenses		**(1,566)**	(2,102)
Operating (loss)/profit	*1*	**(10,833)**	2,514
Share of associates losses	*8*	**(555)**	(339)
Finance cost	*3*	**(377)**	(986)
(Loss)/profit before taxation		**(11,765)**	1,189
Taxation	*4*	**-**	-
(Loss)/profit attributable to the equity holders of the Company		**(11,765)**	1,189
Other comprehensive income			
Foreign exchange		**(150)**	686
Other comprehensive income for the period, net of tax		**(150)**	686
Total comprehensive (loss)/profit for the year, attributable to the equity holders of the company		**(11,915)**	1,875
(Loss)/Profit per ordinary share			
Basic (loss)/profit per share (pence)	*5*	**(0.150)**	0.015
Diluted (loss)/profit per share (pence)	*5*	**(0.145)**	0.013

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITITON

As at 31 December 2018

ASSETS	*Note*	**31 December 2018 £'000**	31 December 2017 £'000
Non-current			
Intangible assets	*6*	**2,172**	1,887
Investment in associate	*8*	**12,483**	12,988
		14,655	14,875
Current			
Trade and other receivables	*10*	**315**	722
Available for resale asset	*9*	**2,895**	13,534
Cash and cash equivalents		**468**	2,037
Total current assets		**3,678**	16,293
Total assets		**18,333**	31,168
LIABILITIES			
Current			
Trade and other payables	*11*	**223**	262
Borrowings	*12*	**3,706**	4,182
Total current liabilities		**3,929**	4,444
Total liabilities		**3,929**	4,444
EQUITY			
Issued share capital	*13*	**1,202**	1,202
Share premium		**27,552**	27,552
Share based premium reserve		**1,392**	3,178
Equity loan and exchange reserve		**(225)**	337
Retained earnings		**(15,517)**	(5,545)
Equity attributable to equity holders of the Company		**14,404**	26,724
Total equity and liabilities		**18,333**	31,168

The consolidated financial statements were approved by the Board on 29 May 2019, and signed on their behalf by;

Kiran Morzaria
Director

Don Strang
Director

Company number 05234262

The accompanying principal accounting policies and notes form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		31 December 2018	31 December 2017
ASSETS	***Note***	**£'000**	£'000
Non-current			
Intangible assets	6	**325**	-
Investment in associates	*8*	**9,794**	10,292
Investment in subsidiaries	*7*	**906**	906
		11,025	11,198
Current			
Trade and other receivables	*10*	**4,515**	4,921
Available for resale asset	*9*	**2,895**	13,534
Cash and cash equivalents		**468**	2,037
Total current assets		**7,878**	20,492
Total assets		**18,903**	31,690
LIABILITIES			
Current			
Trade and other payables	*11*	**223**	262
Borrowings	*12*	**3,706**	4,182
Total current liabilities		**3,929**	4,444
Total liabilities		**3,929**	4,444
EQUITY			
Issued share capital	*13*	**1,202**	1,202
Share premium		**27,552**	27,552
Share based premium reserve		**1,392**	3,178
Equity loan and exchange reserve		**(116)**	406
Retained earnings		**(15,056)**	(5,092)
Equity attributable to equity holders of the Company		**14,974**	27,246
Total equity and liabilities		**18,903**	31,690

The Company financial statements were approved by the Board on 29 May 2019, and signed on their behalf by;

Kiran Morzaria
Director

Don Strang
Director

Company number 05234262

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Share capital	Share premium	Share based payment reserves	Equity loan component and exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2016	1,192	27,145	4,410	(254)	(7,968)	24,525
Share based payments	-	-	2	-	-	2
Transfer on lapse of warrants	-	-	(681)	-	681	-
Transfer on cancellation of options	-	-	(553)	-	553	-
On issue of loan notes	-	-	-	412	-	412
On settlement of loan notes	-	-	-	(507)	-	(507)
Share issue	10	407	-	-	-	417
Transactions with owners	10	407	(1,232)	(95)	1,234	324
Foreign exchange	-	-	-	686	-	686
Profit for the period	-	-	-	-	1,189	1,189
Total comprehensive profit for the period	-	-	-	686	1,189	1,875
Balance at 31 December 2017	1,202	27,552	3,178	337	(5,545)	26,724
Share based payments	-	-	7	-	-	7
Transfer on lapse of warrants	-	-	(1,793)	-	1,793	-
On issue of loan notes	-	-	-	-	-	-
On settlement of loan notes	-	-	-	(412)	-	(412)
Share issue	-	-	-	-	-	-
Transactions with owners	-	-	(1,786)	(412)	1,793	(405)
Foreign exchange	-	-	-	(150)	-	(150)
Loss for the period	-	-	-	-	(11,765)	(11,765)
Total comprehensive loss for the period	-	-	-	(150)	(11,765)	(11,915)
Balance at 31 December 2018	**1,202**	**27,552**	**1,392**	**(225)**	**(15,517)**	**14,404**

The accompanying principal accounting policies and notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

	Share capital	Share premium	Share based payment reserves	Equity loan and exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2016	1,192	27,145	4,410	(178)	(7,502)	25,067
Share based payments	-	-	2	-	-	2
Warrants issued	-	-	(681)	-	681	-
Transfer on lapse of options	-	-	(553)	-	553	-
Transfer on exercise of options	-	-	-	412	-	412
On issue of loan notes	-	-	-	(507)	-	(507)
Share issue	10	407	-	-	-	417
Transactions with owners	10	407	(1,232)	(95)	1,234	324
Foreign exchange	-	-	-	679	-	679
Profit for the period	-	-	-	-	1,176	1,176
Total comprehensive profit for the period	-	-	-	679	1,176	1,855
Balance at 31 December 2017	1,202	27,552	3,178	406	(5,092)	27,246
Share based payments	-	-	7	-	-	7
Transfer on lapse of warrants	-	-	(1,793)	-	1,793	-
On issue of loan notes	-	-	-	0	-	-
On settlement of loan notes	-	-	-	(412)	-	(412)
Share issue	-	-	-	-	-	-
Transactions with owners	0	0	(1,786)	(412)	1,793	(405)
Foreign exchange	-	-	-	(110)	-	(110)
Loss for the period	-	-	-	-	(11,757)	(11,757)
Total comprehensive loss for the period	-	-	-	(110)	(11,757)	(11,867)
Balance at 31 December 2018	**1,202**	**27,552**	**1,392**	**(116)**	**(15,056)**	**14,974**

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Cash flow from operating activities		
Continuing operations		
Operating (loss)/profit	**(10,833)**	2,514
Net realised/unrealised loss/(profit) on AFSA	**9,407**	(4,471)
Impairment of intangible assets	**-**	300
Equity settled share-based payments	**7**	2
Decrease/(increase) in trade and other receivables	**407**	(320)
Decrease in trade and other payables	**(39)**	(83)
Net cash outflow from operating activities from continuing operations	**(1,051)**	(2,058)
Cash flows from investing activities		
Investment in exploration costs	**(325)**	(270)
Payments for investments in associates	**(50)**	(345)
Payments for investments in AFS assets	**(523)**	(214)
Receipts on sale of AFS assets	**1,755**	7,118
Net cash inflow from investing activities	**857**	6,289
Cash flows from financing activities		
Net borrowings	**(998)**	(5,400)
Finance cost	**(377)**	(986)
Net cash outflow from financing activities	**(1,375)**	(6,386)
Net change in cash and cash equivalents	**(1,569)**	(2,155)
Cash and cash equivalents at beginning of period	**2,037**	4,192
Cash and cash equivalents at end of period	**468**	2,037

The accompanying principal accounting policies and notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Cash flow from operating activities		
Continuing operations		
Operating (loss)/profit	**(10,832)**	**2,513**
Loss/(profit) on AFSA	**9,407**	(4,471)
Equity settled share-based payments	**7**	2
Decrease/(increase) in trade and other receivables	**406**	(289)
Decrease in trade and other payables	**(39)**	(83)
Net cash outflow from operating activities from continuing operations	**(1,051)**	(2,328)
Cash flows from investing activities		
Payments for investments in associates	**(50)**	(345)
Payments for intangibles	**(325)**	-
Payments for investments in AFS assets	**(523)**	(214)
Receipts on sale of AFS assets	**1,755**	7,118
Net cash inflow from investing activities	**857**	6,559
Cash flows from financing activities		
Net borrowings	**(998)**	(5,400)
Finance cost	**(377)**	(986)
Net cash outflow from financing activities	**(1,375)**	(6,386)
Net change in cash and cash equivalents	**(1,569)**	(2,155)
Cash and cash equivalents at beginning of period	**2,037**	4,192
Cash and cash equivalents at end of period	**468**	2,037

The accompanying principal accounting policies and notes form an integral part of these financial statements.

GENERAL INFORMATION

Cadence Minerals plc is a company incorporated in the United Kingdom. The Company's shares are listed on the AIM market of the London Stock Exchange, and on the NEX Exchange Growth Market as operated by NEX Exchange Limited (“NEX”).

The Financial Statements are for the year ended 31 December 2018 and have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 29 May 2019 and signed on their behalf by Donald Strang and Kiran Morzaria.

The accounting policies have been applied consistently throughout the preparation of these Financial Statements, and the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£‘000) unless otherwise stated.

INVESTING POLICY

The Company’s investing policy, which was approved at a General Meeting on 29 November 2010, is to acquire a diverse portfolio of direct and indirect interests in exploration and producing rare earth minerals and/or other metals projects and assets (‘Investing Policy’). In light of the nature of the assets and projects that will be the focus of the Investing Policy, the Company will consider investment opportunities anywhere in the world.

The Directors have considerable investment experience, both in structuring and executing deals and in raising funds. Further details of the Directors’ expertise are set out on the Company website. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary, the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment. For the acquisitions that they expect the Company to make, the Directors may adopt earn-out structures with specific performance targets being set for the sellers of the businesses acquired and with suitable metrics applied.

The Company may invest by way of outright acquisition or by the acquisition of assets – including the intellectual property – of a relevant business, partnership or joint venture arrangement. Such investments may result in the Company acquiring the whole or part of a company or project (which, in the case of an investment in a company, may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company’s investments may take the form of equity, joint venture, debt, convertible documents, licence rights, or other financial instruments such as the Directors deem appropriate.

The Company may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest, or on the proportion of the Company’s gross assets that any investment may represent at any time, and the Company will consider possible opportunities anywhere in the world.

The Directors may offer new ordinary shares in the capital of the Company by way of consideration as well as cash, thereby helping to preserve the Company’s cash for working capital and as a reserve against unforeseen contingencies including, by way of example and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Articles of Association of the Company. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the ordinary shares.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 31 May 2020 which take account of the current cost and operational structure of the Group.

The cost structure of the Group comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group to operate within its available funding.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Group and Company remains a going concern. At 31 December 2018 the Company had cash and cash equivalents of £468,000 and borrowings of £3,706,000. The Group has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

STATEMENT OF COMPLIANCE WITH IFRS

The Group and the Company's financial statements have been prepared under the historical cost convention and the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and Company are set out below.

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Company has the power to control, directly or indirectly, the financial and operating policies so as to obtain benefits from their activities. The Company obtains and exercises control through voting rights. Subsidiaries are fully consolidated from the date at which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are written off as incurred.

Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associate. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

REVENUE

Other income represents the total value, excluding VAT of income receivable from professional services. Income is recognised as the services are provided. IFRS 15 'Revenue from Contracts with Customers' has been adopted. To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

The realised and unrealised gains and losses on Available For Sale Assets which are quoted investments are taken into income, less any related costs of purchase or sale.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

FINANCIAL ASSETS

The Group's financial assets include cash, other receivables and available for sale assets. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

The Group considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed and unlisted securities. These available-for-sale financial assets are measured at fair value. Gains and losses are recognised in the statement of comprehensive income as revenue. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income. Reversals of impairment losses are recognised in other comprehensive income.

INTANGIBLE ASSETS – LICENCES

Licences are recognised as an intangible asset at historical cost and are carried at cost less accumulated amortisation and accumulated impairment losses. The licences have a finite life and no residual value and are amortised over the life of the licence.

EXPLORATION OF MINERAL RESOURCES

Acquired intangible assets, which consist of mining rights, are valued at cost less accumulated amortisation.

The Group applies the full cost method of accounting for exploration and evaluation costs, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. All costs associated with mining development and investment are capitalised on a project by project basis pending determination of the feasibility of the project. Such expenditure comprises appropriate technical and administrative expenses but not general overheads.

Such exploration and evaluation costs are capitalised provided that the Group's rights to tenure are current and one of the following conditions is met:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
(ii) the activities have not reached a stage which permits a reasonable assessment of whether or not economically recoverable resources exist; or
(iii) active and significant operations in relation to the area are continuing.

When an area of interest is abandoned or the directors decide that it is not commercial, any exploration and evaluation costs previously capitalised in respect of that area are written off to profit or loss.

Amortisation does not take place until production commences in these areas. Once production commences, amortisation is calculated on the unit of production method, over the remaining life of the mine. Impairment assessments are carried out regularly by the directors. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist.

The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each reporting date. An assets' carrying value is written down immediately to its recoverable value if the assets carrying amount is greater than its listed recoverable amount.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand, bank deposits repayable on demand, and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable within three months from the date of advance if the advance forms part of the Group's cash management.

GOODWILL

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in profit or loss.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

EQUITY

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

The equity loan and exchange reserve represents the equity component of the issued convertible loan notes, and currency translation movements in foreign exchange.

Retained earnings include all current and prior period results as disclosed in the income statement.

OPERATING LEASES

The Group has chosen not to early adopt IFRS 16 – Leases. Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

FOREIGN CURRENCIES

The financial statements are presented in Sterling, which is also the functional currency of the parent Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

In the consolidated financial statements, the financial statements of subsidiaries, originally presented in a functional currency, have been translated into Sterling. Assets and liabilities have been translated into Sterling at the exchange rates ruling at the balance sheet date. Profit and losses have been translated at an average monthly rate for the period. Any differences arising from this procedure are taken to the foreign exchange reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities to the foreign entity and translated into Sterling at the closing rates.

SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options are, ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium.

FINANCIAL LIABILITIES

The Group’s financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgments and estimates
The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

- The estimates and underlying judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- In the preparation of these consolidated financial statements, estimates and judgments have been made by management concerning calculating the fair values of the assets acquired on business combinations, and the assumptions used in the calculation of the fair value of the share options. Actual amounts could differ from those estimates.

- Management has made the following estimates that have the most significant effect on the amounts recognised in the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of goodwill
The basis of review of the carrying value of goodwill is as detailed in note 6. The carrying value of goodwill is £598,000 at the balance sheet date. Management do not consider that any reasonably foreseeable changes in the key assumptions would result in an impairment. Further details of management's assessment of the goodwill for impairment are included in note 6.

Business combinations
On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in the income statement in the subsequent period.

Share-based payments
The Group measures the cost of the equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The charge for the period ended 31 December 2018 of £7,000 (2017: £2,000) is determined using a Black-Scholes Valuation model, using the assumptions detailed in note 14.

Treatment of exploration and evaluation costs
IFRS 6 "Exploration for and Evaluation of Mineral Resources" requires an entity to consistently apply a policy to account for expenditure on exploration and evaluation of a mineral resource. The directors have set out their policy in respect of the treatment of these costs in the accounting policies. Amounts capitalised in the year to 31 December 2018 were £325,000 (2017: £270,000). Additionally £nil of costs previously capitalised have been impaired in the year to 31 December 2018 (2017: £300,000).

Treatment of licenses
The Company purchased the entire share capital of Mojito Resources Limited during the period ended 31 December 2011. Mojito Resources Limited is the beneficial owner of a 30% interest in the Tenements in the Yangibana Rare Earth Project. These have been treated in the accounting records of Mojito Resources Limited and on consolidation as an intangible asset. The directors consider the fair value of the tenements to be equal to the book value in Mojito Resources Limited at the date of acquisition as the interest in the tenements were purchased during the financial period. In addition Mojito Resources Limited has entered into an Agreement with GTI Resources Limited and Gascoyne Metals Pty Limited in respect of the Yangibana Project. Mojito Resources is not however liable for any of the exploration costs in the initial sole funding period until a Feasibility Report is produced by the operators (GTI Resources Limited). At this stage therefore the directors have treated the licenses as an intangible asset. Following the completion of the Feasibility report the directors will review the accounting treatment going forward giving consideration to their respective responsibilities for the development of the project.

ADOPTION OF NEW OR AMENDED IFRS

New standards, amendments and interpretations adopted by the Company

The Company has applied IFRS 9 - Financial Instruments and IFRS 15 – Revenue from contracts with customers Their effect has not been material to the Company.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.
- IFRS 17 in respect of Insurance Contracts will be effective for accounting periods beginning on or after 1 January 2021.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

1. PROFIT BEFORE TAXATION AND SEGMENTAL INFORMATION

Profit before taxation - continuing operations

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation is stated after charging:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Share based payment charge	**7**	2
Impairment of intangibles	**-**	300
Foreign exchange loss/(gain)	**105**	(155)
Directors fees and consulting (see note 2)	**420**	535
Operating lease rentals: land and buildings	**204**	206
Fees payable to the Company's auditor for the audit of the financial statements	**18**	18
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	**-**	-

Segmental information

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only reportable operating segment during the period is the investment in and development of lithium and rare earth assets.

Subject to further acquisitions the Group expects to further review its segmental information during the forthcoming financial year.

The Group generated revenues from external customers totalling £139,000 (2017: £145,000) during the period.

In respect of the total assets, £783,000 (2017: £2,759,000) arise in the UK, and £317,000 (2017: £317,000) arise in Greenland, £5,553,000 arise in Mexico (2017: £15,684,000), £10,808,000 (2017: £10,931,000) arise in Australia, £100,000 (2017: £Nil) arise in Brazil, £225,000 (2017: £Nil) arise in Argentina and £547,000 arise in Canada (2017: £1,477,000).

2. EMPLOYEE REMUNERATION

Employee benefits expense

The expense recognised for employee benefits, including Directors' emoluments, is analysed below:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Wages, salaries and consulting fees	**456**	583
Employers NI	**21**	28
Share based payments	**7**	2
	484	613

The average number of employees (including directors) employed by the Group during the period was:

	2018 No.	2017 No.
Directors	**4**	4
Other	**1**	1
	5	5

Included within the above are amounts in respect of Directors, who are considered to be the key management personnel, as follows:

	Group	
	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Wages, salaries and consulting fees	**420**	535
Share based payments	**7**	2
	427	537

Details of Directors' emoluments are included in the Report on Remuneration on pages 23 to 24.

3. FINANCE COSTS

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Other interest & penalties	**-**	9
Loan interest	**220**	421
Finance Fees	**157**	556
	377	986

4. TAXATION

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	Year ended 31 December 2018 £'000	**2018 %**	Year ended 31 December 2017 £'000	2017 %
(Loss)/profit before taxation	(11,765)		1,189	
(Loss)/profit multiplied by standard rate of corporation tax in the UK	(2,235)	**19**	229	19.3
Effect of:				
Offset against losses/deferred tax asset not recognised	2,123		(431)	
Expenses not deductible for tax purposes	112		202	
Total tax charge for year	**-**		-	

The Group has tax losses in the UK, subject to Her Majesty's Revenue and Customs approval, available for offset against future operating profits. The Group has not recognised any deferred tax asset in respect of these losses, due to there being insufficient certainty regarding its recovery.

5. (LOSS)/PROFIT PER SHARE

The calculation of the basic (loss)/profit per share is calculated by dividing the consolidated profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
(Loss)/profit attributable to owners of the Company	**(11,765)**	1,189

	2018	2017
	Number	Number
Weighted average number of shares for calculating basic (loss)/profit per share	**7,851,440,338**	7,811,370,698
Share options and warrants exercisable	**280,000,000**	1,664,564,973
Weighted average number of shares for calculating diluted (loss) profit per share	**8,131,440,338**	9,475,935,671

	2018	2017
	Pence	Pence
Basic (loss)/profit per share	**(0.150)**	0.015
Diluted (loss)/profit per share	**(0.145)**	0.013

The impact of the share options are considered anti-dilutive when the group's result for a period is a loss.

6. INTANGIBLE ASSETS

Group Intangible Assets

	Exploration costs £'000	Goodwill £'000	Licences £'000	Total £'000
Cost				
At 1 January 2017	1,279	630	174	2,083
Additions	270	-	-	270
Exchange Difference	-	8	-	8
At 31 December 2017	1,549	638	174	2,361
Additions	325	-	-	325
Exchange Difference	-	(40)	-	(40)
At 31 December 2018	1,874	598	174	2,646
Amortisation and impairment				
At 1 January 2017	-	-	(174)	(174)
Amortisation charge in the year	-	-	-	-
Impairment	(300)	-	-	(300)
At 31 December 2017	(300)	-	(174)	(474)
Amortisation charge in the year	-	-	-	-
Impairment	-	-	-	-
At 31 December 2018	(300)	-	(174)	(474)
Net book value at 31 December 2018	**1,574**	**598**	**-**	**2,172**
Net book value at 31 December 2017	1,249	638	-	1,887
Net book value at 1 January 2017	1,279	630	-	1,909

In the year to 31 December 2018 £Nil (2017: £270,000) was invested in Exploration costs by REM Mexico Ltd and £nil (2017: £Nil) invested in Exploration costs by Rare Earth Resources Ltd. The Exploration costs in Rare Earth Resources Ltd were impaired by £300,000 in the year to 31 December 2017. During 2018, £325,000 was invest in exploration costs by the parent company (2017: £nil).

Goodwill of £692,000 arose on the acquisition of Mojito Resources Limited, the licences being the only asset held within that company. The directors are continuing to review their provisional assessment of the fair value of the licences acquired although do not expect any material adjustment. The directors have therefore identified only one cash generating unit to which the goodwill is allocated. As set out in the accounting policies Goodwill is reviewed annually or in the event of an indication of impairment. The recoverable amount of goodwill has been determined by the fair value less costs to sell. The directors consider that there have been no changes in circumstances between acquisition on 1 December 2013 and 31 December 2018 that would give rise to an impairment charge.

At this stage the Feasibility Study has not been completed to fully assess the potential future cash flows of developing the area under licence. The directors, however, having given consideration to the past exploration of the Project which has identified nine individual occurrences of rare earth elements known to occur within the Project areas consider that the goodwill is not impaired. Management's review of the recoverable amount is most sensitive to changes in the commodity prices of the underlying minerals and the existence of the rare earth elements within the Project Area. Since the acquisition date there has been no significant fluctuation in the commodity prices of the underlying minerals or any material changes to the Project Area. The directors consider that no impairment is required at 31 December 2018.

6. INTANGIBLE ASSETS CONTINUED

Company only Intangible Assets

	Exploration costs £'000	Licences £'000	Total £'000
Cost			
At 1 January 2017	-	33	33
Additions	-	-	-
At 31 December 2017	-	33	33
Additions	325	-	325
At 31 December 2018	325	33	358
Amortisation and impairment			
At 1 January 2017	-	(33)	(33)
Amortisation charge in the year	-	-	-
At 31 December 2017	-	(33)	(33)
Amortisation charge in the year	-	-	-
At 31 December 2018	-	(33)	(33)
Net book value at 31 December 2018	**325**	**-**	**325**
Net book value at 31 December 2017	-	-	-
Net book value at 1 January 2017	-	-	-

7. INVESTMENTS IN SUBSIDIARIES – COMPANY

	Investment in group undertakings £'000
Cost and carrying value	
At 31 December 2018 and 31 December 2017	**906**

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation
Mojito Resources Ltd	100%	Mining	British Virgin Islands
REM Mexico Limited	100%	Mining	UK
Rare Earth Resources Limited	100%	Mining	UK

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company do not differ from the proportion of the ordinary shares held. The following companies are taking an exception from the audit of the financial statements as per S479A of the Companies Act; REM Mexico Ltd (08022329), Rare Earth Resources Ltd (08390571).

8. INVESTMENT IN ASSOCIATES

Group

	31 December 2018	31 December 2017
	£'000	£'000
Changes in equity accounted investment		
Carrying value at beginning of year	**12,988**	12,982
Equity purchases	**50**	345
Share of retained (losses) attributable to the group	**(555)**	(339)
Investment carrying value as at year end	**12,483**	12,988

The Group's two Mexican associate companies have a reporting date of 30 June. These shares are not publicly listed on a stock exchange and hence published results are not available. Therefore the fair value of the Group's investment equates to the carrying book value of £2,689,000 (31 December 2017: £2,696,000).

EMH is listed on the ASX and on AIM. The market value of the shareholding at 31 December 2018 was £4,495,000 (2017: £10,747,000), with a carrying value of £9,794,000 (2017: £10,292,000). During the year ended 31 December 2018 the company acquired a further 250,000 CDIs in European Metal Holdings Inc.

The Group's share of results of its associates, which are unlisted, and their aggregated assets and liabilities, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% interest held
		As at 31 December 2018		Year to 31 December 2018		
		£'000	£'000	£'000	£'000	
Mexilit S.A. de C.V.	Mexico	1,772	1,442	-	(13)	30%
Minera Megalit S.A. de C.V.	Mexico	440	274	-	(11)	30%
European Metals Holding Ltd (1)	BVI	7,624	341	362	(2,780)	19.73%

Company

	31 December 2018	31 December 2017
	£'000	£'000
Changes in equity accounted investment		
Carrying value at beginning of year	**10,292**	10,297
Equity purchases	**50**	345
Share of retained (losses) attributable to the group	**(548)**	(350)
Investment carrying value as at year end	**9,794**	10,292

9. AVAILABLE FOR SALE INVESTMENTS

Available for sale assets	**31 December 2018**	31 December 2017
	£'000	£'000
Current Assets - Listed Investments		
Valuation at 1 January	**13,534**	15,967
Additions at cost	**523**	214
Disposal proceeds	**(1,755)**	(7,118)
Realised (loss)/profit on disposal	**(1,967)**	3,118
Change in fair value recognised in income statement	**(7,440)**	1,353
Valuation at 31 December	**2,895**	13,534

During the year ended 31 December 2018 the company disposed of a variety of its shareholdings, including part of its holding in Bacanora Minerals Limited.

Available-for-sale assets comprise investments in listed securities which are traded on stock markets throughout the world, and are held by the Group as a mix of strategic and short term investments.

10. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	31 December 2018	31 December 2017	**31 December 2018**	31 December 2017
	£'000	£'000	**£'000**	£'000
Current				
Trade receivables	**43**	48	**43**	48
Other receivables	**154**	133	**154**	133
Amounts owed by subsidiaries	**-**	-	**4,200**	4,199
Prepayments and accrued income	**118**	541	**118**	541
	315	722	**4,515**	4,921

There is no impairment of receivables and no amounts are past due at 31 December 2018 or 31 December 2017.

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

11. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2018	31 December 2017	**31 December 2018**	31 December 2017
	£'000	£'000	**£'000**	£'000
Trade payables	**78**	98	**78**	98
Accruals and deferred income	**145**	164	**145**	164
	223	262	**223**	262

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

12. BORROWINGS

	31 December 2018	31 December 2017
	£'000	£'000
Current liabilities		
Loan Notes	**3,672**	4,130
Interest accrued	**34**	52
	3,706	4,182

On 8 August 2016, the Company agreed a $15million Convertible Loan Facility with Iskandar Mineral Asset Fund. The Convertible Loan was secured by a pledge over the assets of the Company, and had an interest rate of 5%. The principle is convertible at 0.65 pence which represented a premium of 5 % over the closing price on 8 August 2016. The noteholders had the right to convert the Convertible Loan into shares of REM on the earlier of: (i) the 12 month anniversary of the date the Convertible Note was issued to the noteholders; and (ii) the achievement by REM of certain performance measures, including the volume weighted average price of REM shares being above the 0.65 pence for 90 consecutive days or relating to potential future investments. In addition, each US$1 of the Convertible Loan had forty warrants attached with the right to subscribe to forty new ordinary shares at a price of 0.8 pence per share for a period of 2 years. The warrant exercise price is a 23% premium to the closing price on the 8 August 2016. The Loan Note was redeemable at the Company's option prior to conversion.

The full $15million was drawn down during the year ended 31 December 2016 and 600million warrants were issued. During the year ended 31 December 2016 $1,850,000 of the capital was converted into 229,063,331 ordinary shares of 0.01p, leaving the balance outstanding of $13,150,000 plus interest accrued. The Loan Note was initially recognised as a liability of £10,672,000 (USD$14,286,000) and an equity element of £534,000 (USD$714,000).

On 31 January 2017, a further US$200,000 of the convertible loan was converted into 24,529,629 new ordinary shares in the Company at a price of 0.65 pence per share, reducing the balance to $12,950,000. On 1 November 2017 the Company announced that the remaining loan had been restructured, with approximately 50% plus the accrued interest being repaid in cash. The outstanding balance of $6,130,034 at that date was restructured into two loans as follows:

12. BORROWINGS CONTINUED

Loan 1 for $2,365,017 has an interest rate of 10%, a principle and interest rate repayment holiday until January 2018, after which the principle and interest will be paid via equal instalments over a nine-month period. The loan notes are convertible at any time during this period at 0.473 pence, being a 46% premium to the closing mid-market price as at 31 October 2017.

Loan 2 for $3,765,017 carries zero interest rate and the principle will be repaid in September 2018. The loan notes are convertible at any time during this period at 0.364 pence, being a 12% premium to the closing mid-market price as at 31 October 2017.

Both Convertible Loans were secured by a pledge over the assets of the Company.

Loan Note 1 was initially recognised as a liability of £1,591,000 (USD$2,150,000) and an equity element of £159,000 (USD$215,000). Loan Note 2 was initially recognised as a liability of £2,523,000 (USD$3,423,000) and an equity element of £253,000 (USD$342,000).

During the year ended 31 December 2018, Loan Note 1 was repaid in full and new loans were entered into in September 2018 totalling £3,713,000 (USD$4,875,000) to repay Loan Note 2 and future interest payments. The new loans carry an interest rate of 12% and had a principle repayment holiday until 1 January 2019. After which the loans will be repaid via 12 equal monthly instalments with both the principle and interest being fully repaid by 1 December 2019. The loans are secured over the Company's assets. The loan notes are only convertible should the Group default on repayments, in which case the lendor can opt to convert the outstanding balance at 85% of the WWAV for the 15 working days prior to the conversion.

13. SHARE CAPITAL

	31 December 2018	31 December 2017
	£'000	£'000
Allotted, issued and fully paid		
173,619,050 deferred shares of 0.24p	**417**	417
7,851,440,338 ordinary shares of 0.01p (31 December 2017: 7,851,440,338)	**785**	785
	1,202	1,202

	Ordinary shares	
	No.	£'000
Allotted and issued		
At 1 January 2017	7,753,160,709	775
Issue of shares during the year	98,279,629	10
At 31 December 2017 and 31 December 2018	7,851,440,338	785

On 31 January 2017, $200,000 of the loan was converted into 24,529,629 Ordinary Shares of 0.01p. On 7 July 2017, 73,750,000 Ordinary Shares of 0.01p were issued in respect of acquiring an interest in the Leogang Project which has yet to be concluded. During year ended 31 December 2017 a total of 98,279,629 shares were issued.

During the year ended 31 December 2018, no shares were issued.

The deferred shares have no voting rights and are not eligible for dividends.

13. SHARE CAPITAL CONTINUED

Warrants issued
Each warrant issued is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting rights, pre-emptive rights or other rights attaching to Ordinary Shares. All warrants issued vest in full. Warrants fall outside the scope of IFRS2 if they have been issued to shareholders in their capacity as shareholders and have therefore not been treated as share based payments. During the years ended 31 December 2018 (31 December 2017: Nil) no warrants were issued, and all outstanding warrants lapsed.

The following table shows details of the warrants during the year:

	31 December 2018		31 December 2017	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**1,084,564,973**	**0.00828**	1,158,283,823	0.00855
Lapsed	**(1,084,564,973)**	**0.00828**	(73,718,850)	0.0126
Outstanding at the end of the year	**-**	**-**	1,084,564,973	0.00828
Exercisable at year end	**-**		1,084,564,973	

14. SHARE BASED PAYMENTS

Share Options
The Group operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The expected life of the options varies between 1 and 6 years. All options issued in the prior years vested immediately, with no vesting requirements. . The options which were issued during the year ended 31 December 2017 have vesting conditions attached thereto, and these are detailed on the subsequent disclosures within this note. No options were issued during the year ended 31 December 2018.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the period are as follows:

	31 December 2018		31 December 2017	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**512,570,592**	**0.00437**	580,000,000	0.00457
Granted	**-**	**-**	232,570,592	-
Replaced	**-**	**-**	(300,000,000)	0.0044
Outstanding at the end of the year	**512,570,592**	**0.00437**	512,570,592	0.00437
Exercisable at year end	**280,000,000**		280,000,000	

14. SHARE BASED PAYMENTS CONTINUED

The share options outstanding at the end of the period have a weighted average remaining contractual life of 1.15 years (31 December 2017: 2.15 years) and have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price	Fair value	**31 December 2018**	31 December 2017
		£	£	**Number**	Number
28 January 2013	28 January 2010		0.0004	10,000,000	10,000,000
13 December 2012	13 December 2012	0.0006	0.00055	20,000,000	20,000,000
28 June 2013	28 June 2013	0.0006	0.000371	10,000,000	10,000,000
21 May 2014	21 May 2014	0.0048	0.004711	200,000,000	200,000,000
23 May 2014	23 May 2014	0.0058	0.005574	40,000,000	40,000,000
1 March 2019	29 August 2017	-	0.00415	28,885,868	28,885,868
1 March 2019	29 August 2017	-	0.00415	39,326,924	39,326,924
1 March 2019	29 August 2017	-	0.00415	164,357,800	164,357,800
				512,570,592	512,570,592

The share options issued on 29 August 2017 can only be exercised 18 months after issue if the share price meets certain targets and the director makes purchases of shares into the company as detailed in the Report on Remuneration on pages 23 to 24 (These options expired in March 2019, as a result of the failure to meet these targets). All other options can be exercised up to seven years after the date first exercisable.

At 31 December 2018 280,000,000 options were exercisable (31 December 2017: 280,000,000).

Share Warrants

No warrants were issued during the year to 31 December 2018 (2017: nil).

First exercise date (when vesting conditions are met)	Grant date	Exercise price	**31 December 2018**	31 December 2017
		£	**Number**	Number
29 June 2015	29 June 2015	1.20	-	33,574,598
29 July 2015	29 July 2015	1.13	-	17,656,007
02 October 2015	02 October 2015	0.96	-	34,341,188
23 October 2015	23 October 2015	0.95	-	34,366,078
16 November 2015	16 November 2015	0.84	-	19,647,535
20 November 2015	20 November 2015	0.79	-	40,993,945
29 February 2016	29 February 2016	0.80	-	303,985,622
09 August 2016	09 August 2016	0.80	-	600,000,000
			-	1,084,564,973

14. SHARE BASED PAYMENTS CONTINUED

For those options and warrants granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model for the current and prior year were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
29 August 2017	n/a	n/a	18 months	£0.00415

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The options granted on 29 August 2017, had a zero exercise price and therefore the value was the share price at the time of issue of 0.415p, irrespective of the interest rate and volatility.

All of the options are exercisable 18 months after the grant date provided that the share price has met a certain price. Should the share price not be achieved the options will lapse.

28,885,868 options only vest if VWAP is greater or equal to 0.92p on vesting date
39,226,924 options only vest if VWAP is greater or equal to 1.82p on vesting date
164,357,800 options only vest if VWAP is greater or equal to 2.18p on vesting date

Additionally the option holder must have made market purchases of ordinary shares equal to a total of one third of the Option Holders's annual salary or participated in a Company share purchase programme for a period of at least six months prior to the grant date.

It has been assumed that the likelihood on the options of the three sets of options vesting is 60%, 20% and 10% respectively, and the share option has been calculated accordingly.

Of the 232,570,592 options issued during the year ended 31 December 2017, 223,632,074 were replacement options for the 300,000,000 options issued in July 2016, which were cancelled at the time the new options were issued. The charge in respect of these would have been £163,000, but as £716,000 had already been charged in respect of the 2016 options no charge has been made. The remaining 8,938,518 new options issued during the year ended 31 December 2017, carry a charge of £10,000 which has been spread over the 18 month vesting period.

The Group therefore recognised total expenses of £7,000 (year ended 31 December 2017: £2,000) relating to equity-settled share-based payment transactions during the period.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2018 or 31 December 2017.

16. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2018 or 31 December 2017.

17. LEASE COMMITMENTS

There were the following commitments under non-cancellable operating leases.

	31 December 2018	31 December 2017
	£'000	£'000
Amounts due within one year	**168**	168
Amounts due within two to five years	**251**	420
	419	588

18. FINANCIAL INSTRUMENTS

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term financial investments are managed to generate lasting returns.

The Group has purchased shares in Companies which are listed on public trading exchanges such as the LSE, TSX and ASX, and these shares are held as an available-for-sale asset. The most significant risks to which the Group is exposed are described below:

a Credit risk

The Group's credit risk will be primarily attributable to its trade receivables. At 31 December 2018, the Group had minimal trade receivables and therefore minimal risk arises.

Generally, the Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	31 December 2018				31 December 2017			
	AFS (carried at fair value	**Loans and receivables**	**Derivative financial assets**	**Statement of Financial position total**	AFS (carried at fair value)	Loans and receivables	Derivative financial assets	Statement of financial position total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Available-for-sale financial asset	**2,895**	**-**	-	**2,895**	13,534	**-**	-	13,534
Other long term financial assets	**2,895**	**-**	-	**2,895**	13,534	**-**	-	13,534
Trade receivables	**-**	**43**	-	**43**	-	48	-	48
Other receivables	**-**	**154**	-	**154**	-	133	-	133
Prepayments and accrued income	**-**	**118**	-	**118**	-	541	-	541
Cash and cash equivalents	**-**	**468**	-	**468**	-	2,037	-	2,037
Total	**2,895**	**783**	**-**	**3,678**	13,534	2,759	-	16,293

18. FINANCIAL INSTRUMENTS CONTINUED

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

Investments
The Group's investment in shares in Listed Companies are included as an available-for-sale asset has been classified as Level 1, as market prices are available and the market is considered an active, liquid market.

The credit risk on liquid funds is limited because the Group only places deposits with leading financial institutions in the United Kingdom.

b Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors prepare rolling cash flow forecasts and seek to raise additional equity funding whenever a shortfall in funding is forecast. Details of the going concern basis of preparing the financial statements are included in the principal accounting policies.

c Market risk

The amount and quality of minerals available and the related costs of extraction and production represent a significant risk to the group. The group is exposed to fluctuating commodity prices in respect of the underlying assets. The Group seeks to manage this risk by carrying out appropriate due diligence in respect of the projects in which it invests.

The Group is exposed to the volatility of the stock markets around the world, on which it holds shares in various listed entities, and the fluctuation of share prices of these underlying companies. The Group manages this risk through constant monitoring of its investments share prices and news information, but does not hedge against these investments.

Interest rate risk

The Group only has borrowings at a fixed coupon rate of 10% and therefore minimal interest rate risk, as this is deemed its only material exposure thereto.

18. FINANCIAL INSTRUMENTS CONTINUED

d Financial liabilities

The group's financial liabilities are classified as follows:

	31 December 2018			31 December 2017		
	Other financial liabilities at amortised cost	**Liabilities not within the scope of IAS 39**	**Total**	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Trade payables	**78**	**-**	**78**	98	-	98
Accruals and deferred income	**-**	**145**	**145**	-	164	164
Borrowings	**3,706**	**-**	**3,706**	4,182	-	4,182
Total	**3,784**	**145**	**3,929**	4,280	164	4,444

Maturity of financial liabilities

All financial liabilities at 31 December 2018 and 31 December 2017 mature in less than one year.

Borrowing facilities for the period ended 31 December 2018

The Group has committed borrowing facilities at 31 December 2018 of £3,706,000 (31 December 2017: £4,182,000). See Note 12 for details.

e Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders;
- to support the Group's stability and growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure, to ensure an optimal capital structure, and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Total
1 January 2018	**4,182**	**4,182**
Cash-flows:		
- Proceeds	3,713	3,713
- Interest charged	220	220
- Realised foreign exchange	97	97
- Repayments	(5,034)	(5,034)
Non-cash:		
- Loans converted	-	-
- Transfer from equity	412	412
- Transfer to equity	-	-
- Unrealised Foreign exchange movement	116	116
31 December 2018	**3,706**	**3,706**

	Short-term borrowings	Total
1 January 2017	**10,324**	**10,324**
Cash-flows:		
- Interest charged	421	421
- Realised fx	(198)	(198)
- Repayments	(5,623)	(5,623)
Non-cash:		
- Loans converted	(158)	(158)
- Transfer from equity	507	507
- Transfer to equity	(412)	(412)
- Unrealised Foreign exchange movement	(679)	(679)
31 December 2017	**4,182**	**4,182**

20. RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose.

Key Management Personnel are considered to be the Company Directors only, and their fees and remuneration are disclosed in the Directors Remuneration on pages 23 to 24, and within Note 2 to the financial statements.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 4 March 2019, the Company announced that it had agreed to acquire three highly prospective assets in Australia that are in regions with proven high-grade lithium mineralisation. The mechanism to facilitate this acquisition is via varying binding investment agreements in place with Lithium Technologies Pty Ltd ("LT") and Lithium Supplies Pty Ltd ("LS") that Cadence entered on 11 December 2017 to acquire up to 100% of six prospective hard rock lithium assets in Argentina. Cadence has agreed a variation to the agreements with LT and LS. As previously announced, Cadence can acquire 100% of Lithium Technologies Pty Ltd and Lithium Supplies Pty.
The variation will result in LT & LS acquiring between them 100% of Synergy Prospecting Ltd ("Synergy"), which owns the three lithium projects in Australia. As two of Synergy's assets are granted, Cadence has agreed to move forward with increasing is ownership in LT & LS form 4% to 31.5% via:

a. Issuing 373,544,298 million Cadence shares to the founding shareholders of LT & LS valued at £400,000 (based on 14-day VWAP of £0.0107) to acquire a further 20% stake, which is in line with the terms of the original agreements; and
b. Invest £300,000 to earn an incremental 7.5% stake, with the funds earmarked to commence developing Synergy's lithium assets in Australia

The result of the variation would mean no change to the £ consideration to be paid for of LS and LT, however additional shares would be issued as a result of the change in the share price in Cadence between November 2017 and March 2019.

On 26 March 2019, the Company announced that it had raised £1.3 million through a placing ("Placing") of 866,666,663 new ordinary shares ("Placing Shares") in the capital of the Company with new and existing investors. The Placing is being made at an issue price of 0.15 pence per share ("Placing Price"), representing approximately 21% discount to closing price of the Company's ordinary shares on the business day prior to this announcement.

On 21 May 2019, the Company announced that it had entered into a non-binding Heads of Terms ("HOT") with IndoSino Pte Ltd. ("IndoSino") to invest in and acquire up to a 27% interest in the former Anglo American plc ("Anglo American") and Cliffs Natural Resources ("Cliffs") Amapá iron ore mine, beneficiation plant, railway and private port ("Amapá Project") owned by DEV Mineração S.A. ("Amapá"). The Amapá Project is a large-scale iron open pit ore mine with associated rail, port and beneficiation facilities and commenced operations in December 2007.Production increased to 4.8 Mt and 6.1 Mt of iron ore concentrate product in 2011 and 2012 respectively. The HOT stipulates that Cadence, upon entering into a binding investment agreement, will have the right to acquire 27% of the Amapá Project by investing a total of US$6 million over two stages into a joint venture company, Pedra Branca Alliance Pte Ltd. ("PBA"). Cadence's investment is conditional, amongst other matters, on the approval of a judicial restructuring plan ("JRP") submitted by Cadence and IndoSino to the Sao Paulo Commercial Court in Brazil, the transfer of 99.9% of the issued share capital of Amapá to PBA and Cadence raising the required finance. Cadence is in discussions with potential strategic investors to fund all or part of this investment via equity. Cadence is currently finalising the terms of the binding investment agreement, which is expected to be entered into shortly.

22. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no controlling party.

23. PROFIT AND LOSS ACCOUNT OF THE PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was £11,757,000 (2017: profit £1,176,000).